



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Health
Department No.: 041
For Agenda Of: October 6, 2020
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: 4/5

TO: Board of Supervisors
FROM: Department Van Do-Reynoso, MPH, PhD, Director
Director(s) Public Health Department
Contact Info: Suzanne Jacobson, Chief Financial Officer
SUBJECT: Voluntary Rate Range Program/Intergovernmental Transfer with the State
Department of Health Care Services

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- a) Approve, ratify, and authorize the Chair to execute the Intergovernmental Transfer Agreement (Contract #19-96413) regarding transfer of Public Funds with the California Department of Health Care Services for the transfer of approximately \$3,062,430 from Public Health to the Department of Health Care Services with a term of July 1, 2019 through June 30, 2023 (Attachment A); and
- b) Approve, ratify, and authorize the Public Health Department Director to execute the Intergovernmental Transfer Agreement with the Santa Barbara Medi-Cal Managed Care Plan for participation in an Intergovernmental Transfer to obtain federal financial participation leveraged on local dollars used for care provided to CenCal Health eligible patients with a term of July 1, 2019 through September 30, 2023 (Attachment B); and
- c) Approve budget revision request (BJE #0007224) in the amount of \$4,620,000 to establish appropriations from a release of Public Health Special Revenue Fund balance in Services and Supplies of \$330,000, other Financing Uses of \$1,640,000 and a designation of \$2,980,000 of unanticipated revenue from the Voluntary Rate Range Program. Establish appropriations of \$1,640,000 in General County Programs to be funded by a transfer from the Public Health Fund (Attachment C); and

- d) Determine that these activities are exempt from California Environmental Quality Act (CEQA) review as they are not a project under CEQA Guideline Section 15378(b)(4), since this is a government fiscal activity that does not involve commitment to any specific project that may result in a potentially significant impact on the environment.

Summary Text:

The Public Health Department (PHD) requests approval to participate in an Intergovernmental Transfer (IGT) to receive reimbursement for uncompensated health care provided to Medi-Cal patients and approval of Agreements with California Department of Health Care Services (DHCS) and CenCal Health (CenCal) for such participation.

Background:

The PHD has been invited by the County's Medi-Cal Managed Care Plan, CenCal Health, to participate in an Intergovernmental Transfer (IGT) to obtain federal reimbursement for uncompensated care provided to their patients for FY 2019-20 and projected through December of 2020 – an 18 month period. PHD has identified an estimated \$2,552,025, in uncompensated Public Health clinical and nursing services for CenCal Health patients that are eligible for an IGT and will be subject to a 20% administrative fee by DHCS to participate. The estimated new net revenue increase to the County, after fees and revenue sharing, is an estimated \$4,156,138 which can be used to support Public Health services.

Since 2006, the California Department of Health Care Services (DHCS) has offered public health care providers the opportunity to participate in the Voluntary Rate Range Program (Welfare and Institutions Code §§ 14301.4, 14164). The program provides an opportunity for local governmental entities that provide Medi-Cal covered services to secure federal funding to help cover their costs of serving Medi-Cal beneficiaries enrolled in Medi-Cal managed care plans (MCPs).

By participating in the Voluntary Rate Range Program, county health departments and district hospitals, referred to as “governmental entities” by DHCS, can secure federal funds to operate safety net services. As a result, California is able to increase Medi-Cal managed care payments to public providers of Medi-Cal health care services that help sustain the public safety net system, a key component of the Medi-Cal provider network. Currently, 104 governmental entities across the state participate in the Voluntary Rate Range Program.

Under the program, governmental entities may elect to transfer funds through Intergovernmental Transfers (IGTs) to the state. These funds are used as a match for federal funds (which have been enhanced due to the Affordable Care Act and the Federal CARES Act), which are eventually returned to the governmental entity through their respective Medi-Cal managed care plan(s). Ultimately, each participating government entity receives back the funding it provided, plus most of the federal match in return. The funds are used for additional reimbursement for the health care services rendered to Plan enrollees.

The IGTs are implemented via two contracts: 1) the “DHCS Intergovernmental Agreement” between the state and the local governmental entity transferring funds, and 2) the “Plan Provider Agreement” between the Medi-Cal managed care plan and the governmental entity that will receive the funds. Language in the DHCS Intergovernmental Agreement was negotiated between CMS and the State. For the current Voluntary Rate Range Program IGT cycle, CenCal has agreed to participate in the program in collaboration with the PHD. CenCal will assess a 5% administrative fee.

The reimbursement by the federal government is a dollar for dollar match of non-federal funds, which combined covers the cost of eligible healthcare expenditures incurred. The net proceeds are shared between the managed care plan and the provider that incurred the original expense.

Information on the 2019-20 IGT

The current IGT cycle is an 18-month period from July 2019 through December 2020 and is split into two separate IGT transfers. The first IGT will transfer funds for the 12-month period July 2019 through June 2020 and the second IGT will transfer funds for the 6-month period of July 2020 through December 2020.

DHCS anticipates that governmental entities will transfer funds for the first IGT period in April 2021 and that DHCS will in turn distribute payments to the Medi-Cal managed care plans in May 2021. Per the terms of the Plan Provider Agreement between CenCal and PHD, CenCal will distribute payment to PHD within 30 days after receiving funds from DHCS. The timeline for the transfer and payment of funds for the second IGT period has not yet been determined by DHCS.

The final 2019-20 DHCS Intergovernmental Agreement distributed by the state includes estimated IGT contribution amounts for both IGT periods that are based on DHCS actuarial member month estimates as of June 2020. *Estimated member months and contribution amount estimates are adjusted by DHCS when it comes closer to the time for Santa Barbara County to transfer the funds based on actual member months (although it is not anticipated to change very much).* Per the DHCS Intergovernmental Agreement, DHCS will conduct reconciliation based on updated enrollment figures on an ongoing basis up to two years after December 31, 2020.

Based on the estimated IGT contribution amounts for the 2019-20 IGT period that DHCS has provided, PHD has estimated the following anticipated IGT contributions and fees paid to DHCS, and fees paid to and payments from CenCal and net new revenue as a result of these payments:

Estimated Contributions, Payments, and Net New Revenue	IGT Period 1 (Jul'19-Jun'20)	IGT Period 2 (Jul'20 –Dec '20)	Total (Both IGTs)
Est. Santa Barbara County Contribution Amount	\$1,635,011	\$917,014	\$2,552,052
DHCS 20% Administration Fee	\$327,002	\$183,403	\$510,405
Total Amount Wired to DHCS <i>(Contribution Amount plus DHCS Admin fee)</i>	\$1,962,013	\$1,100,417	\$3,062,430
Est. DHCS Payment to CenCal	\$4,858,627	\$2,739,866	\$7,598,493
CenCal 5% Administration Fee	\$242,931	\$136,993	\$379,925
Est. CenCal Payment to Santa Barbara County <i>(DHCS Payment to CenCal less CenCal Admin Fee)</i>	\$4,615,695	\$2,602,873	\$7,218,568
Est. Santa Barbara County Net New Revenue <i>(CenCal Payment less Total Amount Wired to DHCS)</i>	\$2,653,682	\$1,502,456	\$4,156,138

Lastly, the timeline for the wiring and for the receipt of the funds to DHCS, to CenCal, and to the County is summarized below:

2019-20 IGT Timeline	Santa Barbara County Wires Funds to DHCS	DHCS Distributes Payment to CenCal	CenCal Distributes Payment to Santa Barbara County
IGT #1	April 2021	May 2021	June 2021
IGT #2	TBD	TBD	TBD

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

As discussed and illustrated above, the Voluntary Rate Range Program is an 18-month program for the period of July 2018 through December 2020, and the total *Intergovernmental Transfer* (IGT) will be funded through the use of two sets of transfers. The first set (IGT#1) is anticipated for the 4th quarter of Fiscal Year 2020-21 and will consist of an estimated \$1,962,013, made up of an estimated transfer of \$1,635,011 from discretionary local dollars from the general fund and an estimated transfer of \$327,002 for the 20% fee from the Public Health Department (PHD) Special Revenue fund. DHCS anticipates that it will return the County’s IGT dollars and federal match dollars to CenCal Health in an estimated total amount of \$4,858,627. After assessing a 5% fee estimated at \$242,931, CenCal will return \$4,615,695 to the PHD and of that amount, the County’s transfer of \$1,635,011 will be returned to the County general fund resulting in estimated net new revenues to the PHD of \$2,653,682. These funds will be designated in Fiscal Year 2020-21 and will be used to supplement and enhance PHD Community Health communicable disease response and other core public health programs.

The Budget Revision Request to amend the Fiscal Year 2020-21 Adopted Budget for appropriation for these transfers and the unanticipated revenue for IGT#1 is incorporated as a separate action for approval. The necessary transactions for IGT#2 will be built into the PHD’s Recommended Fiscal Year 2021-22 budget.

Key Contract Risks:

In the event that State Director of Health Services, determines IGTs made under the Voluntary Rate Range Program do not comply with the federal Medicaid requirements, then the State retains the discretion to return the IGTs or not accept the IGTs. (Welf. & Inst. Code §§ 14259, 14301.4.)

Staffing Impacts:

Legal Positions:
N/A

FTEs:
N/A

Special Instructions:

Please execute seven (6) original IGT Agreements and retain (5) original IGT Agreements and one (1) certified Minute Order for pick up by the department. Please email Kelly.Lazarus@sbcphd.org when available for pickup.

Attachments:

- A. Intergovernmental Agreement Regarding Transfer of Public Funds between the California Department of Health Care Services and the County of Santa Barbara, Agreement number 19-96413.

- B. Health Plan - Provider Agreement between Santa Barbara San Luis Obispo Regional Health Authority, dba CenCal Health, and The County of Santa Barbara through its Public Health Department for the 2019-20 Voluntary Rate Range Program.
- C. Budget Revision Request number BJE#0007224

Authored by:

Suzanne Jacobson, Chief Financial Officer